8-2972 MAY 25 1963

MENGRAMMM FOR: Director of Central Intelligence

SUBJECT

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: Inspector General's Survey of the Audit Staff

REFERENCES

- : (a) Memo dtd 27 Mey 1955 to DCI fr IG, subj: "Survey of the Andia Staff"
  - (b) Memo dtd 5 Aug 1955 to DCI fr ADD/S, subj: "Inspector General's Survey of the Audit Staff"
- 1. This memorandum is for your information. Particular attention is invited to paragraph 5.
- 2. On 5 August 1955 an interim report (Reference (b)) was furnished you, which outlined the steps taken up to that time to study and put into effect the recommendations resulting from the Survey of the Audit Staff by the Inspector General. The interim report advised that on mine recommendations action was completed; on two, action was partially completed; and seven were being studied with a view toward subsequent implementation.
- 3. Action has continued on the two recommendations which were partially completed at the time of the previous report:

Recommendation:

Page 7, Recommendation #7: "The Chief of the Audit Staff should review the coverage and requirements of overseas audits and inspections and determine the necessity for assignment of additional Field Audit Units and personnel to cover stations in Africa and Latin America."

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Action:

All oversees activities are now being sudited or inspected by Field Audit Units except the WH Area and a few small stations. It is considered inadvisable to visit the latter, due to their small size or the security hazards involved in arranging an sudit. The Chief of the Audit Staff completed on 5 December 1955 a review of all financial operations in South America, and during April 1956 made a similar inspection of all stations in Central America,

The is planned to station a Field Auditor in early in FI 1957 to provide andit and inspection service to the WH field stations.

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Recommendation:

Page 7, Recommendation #9: "The Chief of the Audit Staff should give priority attention to the development of adequate records management, particularly from the security standpoint . . . "

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Action:

An employee, grade 65-12, has been designated as Records Officer, and the files have been studied in conjunction with the Office of Security, RI/FI, and the Records Management Staff, in an attempt to improve the records control program and afford better sterilisation of files.

4. Action has been taken on the seven recommendations which were previously under study:

Recommendations

Page 7, Recommendation #5: "The Chief of the Audit Staff should investigate the type of control being exercised over Agency Funds by subsidies, determine whether more effective audits can be made, and subsit appropriate recommendations to the Director."

Actions

This problem was studied by the Committee which reported on the "Blankst Waiver" question. Consideration of means for providing more effective audits for subsidy projects continues, not only within the Audit Staff but also within DD/P and other elements of BD/S.

Recommendations

Page 7, Recommendation #8: "Field Audit Unite should be on the Table of Organization of the Audit Staff and not on DD/P over-seas Tables of Organization."

Action:

Field Audit Units have been transferred to the Table of Organisation of the Audit Staff.

Racomendations

Actions

The Senior Auditor referred to has been returned to headquarters and reduced in grade.

Recommendations

Fage 32, Recommendation #(1): "The Chief of the Audit Staff be given a full-time Deputy . . . "

Actions

Further study has led to the appointment of an Assistant to the Chief, Audit Staff in order to insure continuity. A full-time Deputy is not required at this time.

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Recommendation:

Page 32, Recommendation #(2): "The Property and Contracts Audit Branch be . . . placed under the immediate supervision of the Chief of the Audit Staff . . . until . . . work . . . is on a current basis and adequate attention is being given to audit of property accounts and industrial contracts."

Actions

As previously reported, the staff of this Branch was strengthened and as a result, great progress has been made in bringing
the work up to a current status. In addition, a new Chief for
the Industrial Contracts Audit Branch (Finance Division) with
extensive experience in the Department of Defense was employed
last Fall. Since his arrival many of the problems among the
Finance Division, the suppliers, the Office of Logistics and
the Audit Staff have been resolved, resulting in better relations inside and outside the Agency and more expeditions and
effective processing of decements. In view of the above, it
is believed that the need no longer exists to remove the
Property and Contracts Audit Branch free the supervision of
the Chief of the Headquarters Audit Fivision.

Recommendation:

Page 36, Recommendation #10: "It is recommended that the scattly report of the Audit Staff to the Deputy Director (Support) be revised . . . "

iction:

Agreement has been reached with the Deputy Director (Support) as to the type of report to be submitted to him by the Audit Staff.

Recommendations

Page 37, Recommendation #2: "It is recommended that the Director of Personnel, in comjunction with the Chief of the Audit Staff and the Comptroller, establish a formal mechanism to insure that members of both headquarters and Field Audit Units are considered for vacancies in budget-finance positions and vice versa."

Actions

This matter has been reviewed by the Director of Personnel and the Support Career Board and it has been agreed that it is not advisable to provide a formal mechanism to fill vacancies existing in the Audit Staff and the Office of the Comptroller by transfer. The Audit Staff is now below its authorised strength and opportunities for promotion are still available within the Staff. However, in an exceptional case transfer may be authorised, and one such transfer has been made since the Inspector General completed his Survey.

Recommendation:

Page Wh, Recommendation #7: "The Chief of the Audit Staff review his decision that the Audit Staff does not have any vital material for storage in the Agency repository and determine whether or not madit reports should be submitted to the Agency Records Officer for misrefilming and permanent storage."

Actions

The Chief of the Management Staff has reviewed the present wital materials program of the Audit Staff and has agreed that it is adequate.

5. Inseruch as the major recommendations submitted by the Inspector General have been accepted and action is completed or well along in most instances, I am submitting this as a final report and will consider it as such unless specific instructions to the centrary are received from you.

SHED

H. OATES LLCYD Acting Deputy Director (Support)

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